



Department of Energy
Strategic Petroleum Reserve Project Management Office
900 Commerce East
New Orleans, Louisiana 70123

February 7, 2005

TO PROSPECTIVE OFFERORS:

**AMENDMENT 002 TO REQUEST FOR OFFERS ON DE-RP96-05PO54800 FOR
ROYALTY-IN-KIND EXCHANGE**

This Amendment 002 to the subject solicitation incorporates the following changes which are delineated by a vertical line in the margin.

- Substitute the enclosed Page 21 (amended 2/07/05) which revises Provisions C.3.c. and C.3.d.
- Substitute the enclosed Page 26 (amended 2/07/05) which revised Provision F.3.
- Substitute the enclosed Page 49 (amended 2/07/05) which incorporates updated Exhibit F.

The closing date for receipt of offers remains February 9, 2005, at 1100 hours (11:00 a.m.) local New Orleans, Louisiana time.

Sincerely,

A handwritten signature in black ink, appearing to read "M. G. Waggoner", is positioned below the "Sincerely," text.

M. G. Waggoner
Contracting Officer

Enclosure

obtained in accordance with the API Manual of Petroleum Measurement Standards Chapter 17 – Marine Measurement, Section 2 – Measurement of Cargoes On Board Tank Vessels. Preference will be given to samples collected by means of an automatic sampler when such a system is available and operational.

All methods above shall be in accordance with the latest API/ASTM standards and methods. If the measurements are determined by the Government's representative to be inaccurate or not to represent the volume delivered by the Contractor, the subsequent order of preference method, as stated above, shall apply.

- c. If the exchange oil tendered for delivery to the DOE does not meet the crude oil specifications as provided in Exhibit F (Paragraph A.7.e may be applicable), the Government reserves the right to refuse the acceptance of the delivery and the provisions of G.2. Default may apply.
- d. The custody transfer quality/quantity oil analysis shall be performed by the Government Representative's lab and shall be documented as the official measurements of record. The Contractor may request a representative portion of the custody transfer sample for their internal purposes, but any varying analysis results obtained by the Contractor shall not be binding on the Government nor override the Government's official measurements of record. The Contractor or his representative may, at its option, arrange to witness and verify testing simultaneously with the Government Representative at the Government Representative's lab. Such services, however, will be for the account of the Contractor. Any disputes will be settled in accordance with Paragraph G.2. Should the Contractor opt not to witness the testing, then the Government findings will be binding on the Contractor.
- e. For pipeline deliveries of exchange oil to the SPR storage sites, the Contractor shall ensure that the commercial pipeline carriers provide Government Representative access to the pipeline facilities for the obtaining of crude oil samples. Specifically, Government Representatives shall be provided access to the Shell Pipeline Erath facility for crude oil deliveries to West Hackberry, and to the Shell Pipeline Port Neches facility for crude oil deliveries to Big Hill.

NOTE: Any additional costs (including overtime) charged by the pipeline carrier which are directly associated with the government sampling requirement shall be the responsibility of the Contractor.

C.4 Exchange Oil Quantity Determination

- a. The quantity of the exchange oil that is delivered by the Contractor to the DOE will be determined, in order of preference, (1) by delivery meter in accordance with the API Manual of Petroleum Measurement Standards, Chapters 5 – Metering Section 3 – Measurement of Liquid Hydrocarbons by Turbine Meters; or (2) by opening and closing tank gauges (with adjustment for opening and closing free water and Sediment and Water tests as determined from shore tank samples; or (3) by vessel ullage measurements with qualified VEF in accordance with API Manual of

However, in accordance with Section A.6., the Contractor shall engage sufficient transportation capacity during their last month's scheduled deliveries in order to insure that the total reconciled contracted quantity balance due DOE will be delivered, without exceeding the agreed upon quantity.

F.3 Environmental Compliance

Failure of the Contractor or the Contractor's subcontractor(s) to comply with all applicable rules and regulations in the transportation of crude oil will be considered a failure to comply with the terms of any contract containing these provisions, and may result in termination for default, unless, in accordance with Paragraph G.5, such failure was beyond the control and without the fault or negligence of the Contractor, its affiliates, its agents or subcontractors at any tier.

F.4 Delivery and Receipt Documentation of Royalty Oil

- a. The Contractor is responsible for obtaining a copy of the standard industry practice meter run tickets documenting the delivery/receipt of Royalty Oil at the Market Center from the Pipeline Operator of the Market Center.
- b. Within 15 days after the end of each month, the Contractor shall provide to the Contracting Officer in a format specified by the Contracting Officer, a summary by Market Center of the quantity of Royalty Oil received. The Contractor shall provide the Contracting Officer the point of contact responsible for this information.

F.5 Delivery and Receipt Documentation of Exchange Oil

The quantity and quality determination of the exchange oil provided by the Contractor shall be documented on the Material Inspection and Receiving Report (DD Form 250 for pipeline receipts or DD Form 250-1 for vessel receipts)(see Exhibit D1 and D2 for samples of the forms). Copies of the completed DD Forms 250 or 250-1, with applicable supporting documentation (i.e., metering or tank gauging tickets and appropriate calculation worksheets), will be furnished to the Contractor and/or the Contractor's authorized representative after completion of delivery.

SECTION G - CONTRACT ADMINISTRATION DATA AND PROVISIONS

G.1 DOE SPR Correspondence Procedures

To promote timely and effective administration, correspondence submitted under this contract shall be subject to the following procedures:

Correspondence from the contractor shall be submitted to the Contracting Officer, the contract specialist, the Technical Representative (TR), the Alternate TR and DMCOL in an electronic format to the email addresses provided below.

EXHIBIT F

STRATEGIC PETROLEUM RESERVE **CRUDE OIL SPECIFICATIONS (SPRO 2004 JUL)^{a&4}**

CHARACTERISTIC	SOUR^b	SWEET^c	PRIMARY ASTM TEST METHOD^d
API Gravity [°API]	30 - 45	30 - 45	D 1298 or D 5002
Total Sulfur [Mass %], max.	1.99	0.50	D 4294
Pour Point [°C], max.	10	10	D 97
Salt Content [Mass %], max.	0.050	0.050	D 6470
Viscosity [cSt @ 15.6°C], max.	32	32	D 445
[cSt @ 37.8°C], max.	13	13	
Reid Vapor Pressure [kPa @ 37.8°C], max.	76	76	D 323 or D 5191
Total Acid Number [mg KOH/g], max.	1.00	1.00	D 664
Water and Sediment [Vol. %], max.	1.0	1.0	D 4006 or D4928, & D 473
Yields [Vol. %]			D 2892 & D 5236
Naphtha [28-191°C]	24 - 30	21 - 42	
Distillate [191-327°C]	17 - 31	19 - 45	
Gas Oil [327-566°C]	26 - 38	20 - 42	
Residuum [>566°C]	10 - 19	14 max.	

^{ε4} This revision updates the list of crude oils meeting these specifications.

^a Marketable virgin crude petroleum suitable for normal refinery processing and free of foreign contaminants or chemicals including, but not limited to, chlorinated and/or oxygenated hydrocarbons, and lead.

^b Crude oils that meet these sour specifications include Arabian Berri, Arabian Light, Bonito Sour, Eugene Island, Flotta, HOOPS Blend, Isthmus, Lagomedio, Mars, Mesa 30, Olmeca, Oman, Poseidon, Qatar Marine, Russian Export Blend (Urals), Tia Juana Light, and West Texas Sour.

^c Crude oils that meet these sweet specifications include Bonny Light, Brass River, Brent, Cusiana, Ekofisk, Escravos, Es Sider, Forcados, Forties, Girassol, Heavy Louisiana Sweet, Kole, Light Louisiana Sweet, Nemba, Oseberg, Qua Iboe, Saharan Blend, Santa Barbara, Statfjord, West Texas Intermediate, Zafiro, and Zarzaitine.

NOTE 1: Crude oils other than those listed above may be acceptable. The acceptability of any crude oil depends upon an assay typical of current production quality of the stream.

NOTE 2: All crude oil shipments received by the SPR are tested to ensure they meet the above specifications. Should successive shipments fail to meet these specifications, the stream may be deleted from the list of approved crude oils.

^d Alternate methods may be used if approved by the contracting officer.